

Testimony of Jon E. Manos, Supervisor, Clay Township, Michigan

before the

U.S. House of Representatives
Committee on Government Reform
Subcommittee on Regulatory Affairs

“FEMA’s Floodplain Map Modernization: A State and Local Perspective”

May 8, 2008

On behalf of the many affected property owners, not only within Clay Township, but within St. Clair County and the State of Michigan, the Township wishes to express it’s appreciation for the opportunity given by this Congressional Subcommittee to hear testimony from concerned property owners, and State, County, and area Elected Officials concerning the impact of FEMA’S proposed elevation changes and the historic value of the National Flood Insurance Program to Michigan since it’s inception.

Proposed dramatic increases in the 100 year flood plain elevation level have prompted the questioning of the real intent of such an action. There isn’t any doubt that updating the format of the old paper maps using state of the art digital technology will bring about major benefit to the property owner as well as the lending institutions and involved governmental agencies. Present elevation levels have remained constant for over 25 years and are reflective of two record flooding periods. What has surfaced is information from FEMA records that indicate the primary reason in raising elevations is to bolster declining premium revenues needed to feed the programs growing administrative costs. The cost/benefit ratio throughout Michigan is ridiculous and it has made Michigan a “Perpetual Donor State”. FEMA FACT: Michigan property owners have paid out, since 1978, \$148 million dollars to buy insurance that paid back only

\$38.7 million, resulting in a net loss to property owners of \$109 Million dollars! Clay Township policy holders pay out each year in premiums nearly \$400,000. And have received back an amount if averaged over the 27.5 years of the program an amount which would equate to an average return of \$36,000 per year. Clay Township records also indicate that “no repetitive losses were paid for policy holders” even thru the record flooding of the 1980’s.

FEMA has been quoted as saying “adding more policy holders will help right the flood program financially”. All FEMA records indicate that the program is “BROKE”. A quote from U.S.News on 11-21-05 said “ A government agency has run out of funds to cover flood insurance claims, and, in an unprecedented move, has stopped payments to policy holders”. FEMA maps showing policy growth in the United States demonstrate a declining premium base in 16 major States and a bare minimum growth rate below 2% in another 23 States. FEMA has a definite problem in generating operating funds. The problem is not that FEMA is paying out large claim amounts to policyholders but the cost of administering the program is using up the lions share. FEMA generates over TWO BILLION DOLLARS a year in premium revenue for the entire Nation and has averaged payouts of \$537 million a year in claim payments. That is an excess of \$1.5 BILLION dollars each program year as an average. Even with this excess of revenue over claim payments the program remains broke and now must pay back the \$23 BILLION DOLLARS it just borrowed. Only one alternative logically exists and that is to incorporate existing structures, lying in the unrestricted 500 year flood plain, into the existing premium base. Remember these structures have been outside the jurisdiction of the Army Corps and FEMA regulation for over 27.5 years and now by simply adjusting

20 year old data to make the “shoe fit” FEMA gains needed revenue and the Corps now exercises regulatory jurisdiction over thousands of properties previously exempt. No practicable justification can be given by either Agency to now, after 30 years of granting unrestricted compliance to thousands of properties, tell their owners to start paying flood insurance and accept the fact their structures don’t meet the new floodplain building standards. FEMA has in effect created the potential for a “Michigan Economic Disaster”. Who will reap a gain from raising 100 year flood plain elevation levels? Certainly not the homeowner!!! By changing a structure from a “Conforming Status” to a “Non-Conforming Status” the owner definitely becomes the loser. No amount of icing applied by FEMA can change that fact! The owner now may have to stand the expense of purchasing flood insurance he doesn’t need or want, the sale value and marketability of the property will definitely be negatively affected, septic tank fields may need to be replaced and the entire structure may need to be elevated after the occurrence of a “casualty loss”. The cost of new construction will also increase which may in fact place the cost of owning a new home out of reach for many new families.

Clay Township is well aware of the flooding of both the 1970’s and 1980’s. The Township worked with the Army Corps in administering the “self help” and “operation for sight” programs and also distributed over 200,000 sand bags. The Township is also aware of the many studies commissioned by the International Joint Commission relating to in-flow and out-flow regulation of the Great Lakes. The Upper Great Lakes Plan of Study begun in 2001 reflects numerous variables which have to be incorporated into any calculations used to change 100 year flood plain levels. Some of the noted variables are as follows: **DRAMATIC INCREASE IN CONSUMPTIVE USE: GLOBAL**

WARMING: CHANNEL DREDGING: RE-EVALUATION OF EXISTING

DIVERSIONS: RE-ASSESSMENT OF PLAN 1977-A: LONG LAC AND OGOKI

DIVERSION ADJUSTMENTS. The FEMA elevation change proposal ignores these important variables and puts hindsight ahead of foresight. The point to be made is simply that the levels in the Great Lakes are below long term average and Lake St. Clair has been predicted to peak this summer at 574.3', over 4' below the present 100 year flood plain level and close to 6' from the levels that FEMA wants to implement.

Submitted with Clay Township's response will be:

- (A) Petition signatures from over 2250 area property owners asking for a moratorium on any proposed base elevation change.
- (B) Resolutions of support from the Michigan State Senate
- (C) Resolutions of support from the Michigan State House
- (D) Resolutions of support from St. Clair County board of Commissioners
- (E) Resolutions of support from the City of Algonac, Cottrelville and Ft. Gratiot Townships and the Township of Clay.
- (F) Various other supportive data and reports

In conclusion, Clay Township again expresses its appreciation for this opportunity to request that FEMA place a moratorium on any changes which will elevate the present base flood elevations.